

# GAM SUSTAINABILITY EXCLUSION POLICY

June 2024



## 1. Introduction

The GAM Sustainability Exclusion Policy (this “Policy”) provides additional details regarding sustainability-related exclusions applied to a subset of actively managed GAM-branded equity and corporate fixed income funds (“Funds”) and should be read in conjunction with GAM’s Exclusions Policy and product literature for specific details.

## 2. Key Principle

GAM<sup>1</sup> will not knowingly hold any security where there is strong evidence of involvement in the activities outlined in the table below, within the indicated revenue thresholds. Fuller definitions are provided in the Appendix.

Activity	Brief description	Restriction Criteria / Threshold (revenue)
<b>Controversial Weapons</b>	Controversial weapons including anti-personnel mines, biological and chemical weapons, blinding laser weapons, cluster munitions, incendiary weapons and non-detectable fragments. Restrictions regarding exposure to controversial weapons are also outlined in our <a href="#">Global Exclusion Policy</a> , along with a list of excluded companies.	Any involvement
<b>Nuclear Weapons</b>	A nuclear weapon is a device that is capable of releasing nuclear energy in an uncontrolled manner, due to fusion and/or fission reactions, making it a highly destructive explosive.	Any involvement
<b>Depleted Uranium</b>	Depleted Uranium (DU) munitions are projectiles (bullets, rockets, etc.) that have been equipped with the radioactive chemical substance DU.	Any involvement
<b>Civilian Weapons</b>	Companies that manufacture handguns, pistols, shotguns, rifles, revolvers, and ammunition for civilian use.	Derive over 10%
<b>Conventional Weapons</b>	This involvement area provides an assessment of whether companies derive revenue from the manufacturing of weapons or weapon components or from providing tailor-made products or services to the army or the defence industry.	Derive over 10%
<b>Tobacco</b>	Tobacco production - manufactures tobacco products	Derive over 5%
	Tobacco retail - distribution and/or retail sale of tobacco products	Derive over 25%
<b>Fossil fuels</b>	Oil sands - extraction of oil sands	Derive over 25%
	Thermal coal extraction	Derive over 25% (unless there is a clear phase-out plan)
	Thermal coal power generation - generation of electricity from thermal coal	Derive over 25% (unless there is a clear phase-out plan)
<b>UN Global Compact</b>	Serious breaches of the UN Global Compact. These ten principles cover human rights, labour rights, the environment and anti-corruption.	Serious breach (unless substantial actions to address)

<sup>1</sup> “GAM” means any subsidiary of GAM Holding AG that provides investment management services to clients

### 3. Scope of the Policy

The exclusions in the above table apply to Funds (as defined in Section 1 of this Policy). Some Funds may apply additional exclusions; please refer to product literature for specific details. These exclusions are applied to single-security corporate or equity holdings, not to broad index holdings, collective investment schemes, or cash/cash equivalents. These exclusions are reviewed at least annually and are subject to change.

### 4. Governance and Implementation

Companies / issuers in breach of the exclusionary thresholds are identified using independent third-party research. Where there is no or limited coverage from our standard third-party research providers, conflicting research between two research providers or conflicting research between a research provider and the company, we will use our own analysis - including on the timeliness of assessments - to determine involvement. The exclusionary thresholds are implemented on a best-efforts basis.

Where existing holdings become in breach of these exclusions, we will seek to engage directly with the company or issuer to address the breach. Other than in the circumstances outlined below, we will seek to divest any holdings that become non-compliant, within 90 business days of identifying non-compliance.

Limited exceptions from the exclusions are permitted in the case of thermal coal exposure and assessment of a UN Global Compact breach, in the circumstances outlined below. Any exceptions are required to be approved by our Sustainability Committee. This cross-functional oversight committee reports to both the GAM Holding AG Board and the Group Management Board on a quarterly basis.

- Thermal coal involvement – we will consider investing in securities deriving over 25% of their revenue from thermal coal extraction or thermal coal power generation only where there is clear public commitment to phase out of unabated coal by 2030 in the OECD and EU, and by no later than 2040 in the rest of the world and where no new coal capacity is being added.
- UN Global Compact breaches – if, following engagement with the company, we have received assurances of substantial actions to remedy the violation, then we may consider continuing to hold a company that has become non-compliant.

This Policy will be reviewed on an annual basis.

Please email [GRI@gam.com](mailto:GRI@gam.com) for any further information.

## 5. Appendix

### Activities

Activity	Category of involvement	Definitions
<b>Controversial Weapons</b>	Biological/Chemical Weapons	Weapons that use pathogens such as viruses, bacteria, and disease-causing biological agents, toxins or chemical substances that have toxic properties that kill, injure, or incapacitate.
	Blinding Laser Weapons	Weapons utilising laser technology that causes permanent blindness to the target.
	Cluster Munitions	A bomb, missile, rocket, or shell that carries submunitions and disperses them over an area.
	Incendiary Weapons	Components of incendiary non-weapons munitions that happens to use white phosphorus. These include but are not limited to smokescreens and illuminators, tracers and chafes, flares etc.
	Landmines	Anti-personnel landmine: a munition that is placed under, on, or near the ground or other surface area and explodes by the presence, proximity or contact with a person or upon command by an operator from a remote location.
	Non-detectable fragments	Any weapon with a primary effect to injure with fragments that cannot be detected by X-rays once inside the human body.
	Depleted Uranium	Depleted Uranium (DU) munitions are projectiles (bullets, rockets, etc.) that have been equipped with the radioactive chemical substance DU.
<b>Nuclear Weapons</b>	Nuclear Weapons	A nuclear weapon is defined as “an explosive device that derives its destructive force from nuclear reactions, either fission or a combination of fission and fusion” and this category includes but is not limited to nuclear warheads, intercontinental ballistic missiles, and corresponding air- a land-based delivery platforms, and ballistic missile submarines capable of delivering nuclear warheads.
<b>Civilian Firearms</b>	Small Arms	Companies that manufacture and sell assault weapons to civilian customers. It includes manufacturers of firearm weapons such as guns, rifles, and pistols, manufacturers of components of these weapons and retailers.
<b>Conventional Weapons</b>	Military Contracting	Companies that manufacture weapons or weapon components or provide tailor-made products or services to the army or the defence industry.
<b>Tobacco</b>	Tobacco products	Products including cigarettes, cigars, tobacco, electronic cigarettes, paper used by end consumers for rolling cigarettes, filters, snuff tobacco, etc.
<b>Fossil fuels</b>	Thermal coal	Companies that derive revenue from mining thermal coal or from generating electricity from thermal coal. On a lifecycle basis thermal coal is more carbon intensive than other fossil fuel sources.
	Oil Sands	Oil sands are considered unconventional because they are extremely carbon intensive, and their extraction methods cause air pollution ‘in situ’, as well as water withdrawal, and contamination from mining.

<b>UN Global Compact</b>	Breaches	Serious breaches of the UN Global Compact. These ten principles cover human rights, labour rights, the environment and anti-corruption. The company is implicated in one or more controversy cases where there are credible allegations that the company or its management inflicted serious large-scale harm in violation of global norms.
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## Definitions

Type of Weapon	Types of Involvement
Controversial Weapon	This includes companies that manufacture, dual use components, intended use components, smart weapon.
Nuclear Weapons	The company is involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.
Depleted Uranium	The company is involved in the core weapon system, or components/services of the core weapon system that are considered tailor-made and essential for the lethal use of the weapon.
Conventional Weapons – Military Contracting	The company manufactures military weapon systems and/or integral, tailor-made components or these weapons.
Civilian Firearms	The company manufactures and sells assault weapons to civilian customers.
Tobacco	Tobacco production – manufacture of tobacco products. Tobacco retail - distribution and/or retail sale of tobacco products.
Fossil Fuels	Mining of thermal coal or generating electricity from thermal coal unless the issuer has published a coal phase-out plan. Extraction of oil sands.
UN Global Compact	Serious breach
Company Ownership	Companies that own 50% or more of an involved subsidiary.

## Important information

The use of sustainability exclusions described in this Policy may involve the selection, prevent the acquisition of or require the disposal of securities of certain issuers for reasons other than investment performance or other financial considerations. As a result, an investment strategy that utilises sustainability exclusions may underperform other investment strategies with a similar financial objective or policy that do not utilise sustainability exclusions and may suffer investment losses if it is required to dispose of a security as a result of non-financial considerations.

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